



Consolidated Financial Statements

Waterfront Development Corporation Limited

March 31, 2015

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Management statement on financial reporting

To the Shareholder of
Waterfront Development Corporation Limited

The accompanying consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is also responsible to ensure that all information reproduced in the annual report is consistent with the statements. In carrying out its responsibilities, management maintains appropriate systems of internal controls designed to ensure that the financial information produced is relevant and reliable and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

Ultimate responsibility for the consolidated financial statements rests with the Board of Directors. A Finance, Audit and Risk Management Committee of non-management Directors is appointed by the Board to review the consolidated financial statements in detail with management and to report to the Directors prior to their approval of the consolidated financial statements for publication. The Directors have established standards of conduct for employees to prevent conflicts of interest and unauthorized disclosure of confidential information.

The auditors review the consolidated financial statements in detail and meet separately with both the Finance, Audit and Risk Management Committee and management to review their findings. Grant Thornton LLP, Chartered Accountants report directly to the shareholder.

A handwritten signature in dark ink, appearing to read "Colin MacLean", written over a horizontal line.

Colin MacLean, President
June 16, 2015

A handwritten signature in dark ink, appearing to read "Mike Roberts", written over a horizontal line.

Mike Roberts, Finance, Audit and Risk Management Chair
June 16, 2015

Independent auditor's report

Grant Thornton LLP
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To the Shareholder of
Waterfront Development Corporation Limited

We have audited the accompanying consolidated financial statements of Waterfront Development Corporation Limited (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statement of operations, changes in net financial debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2015, and the consolidated statement of operations, changes in net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Halifax, Canada
June 16, 2015

Chartered Accountants

2014

3

Waterfront Development Corporation Limited

Consolidated statement of financial position

March 31

2015

2014

Financial assets

Cash and cash equivalents	\$ 137,338	\$ 135,692
Receivables (note 3)	321,121	325,006
Receivable from Province of Nova Scotia (note 4)	800,794	995,000
	<u>1,259,253</u>	<u>1,455,698</u>

Liabilities

Payables and accruals (note 5)	1,438,341	976,330
Loan payable (note 6)	405,000	885,000
Deferred revenue (note 7)	4,451,028	5,064,739
	<u>6,294,369</u>	<u>6,926,069</u>

Net financial debt

<u>(5,035,116)</u>	<u>(5,470,371)</u>
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Non-financial assets

Tangible capital assets (note 8)	44,207,458	37,884,494
Prepays	58,188	55,332
	<u>44,265,646</u>	<u>37,939,826</u>

Accumulated surplus (note 9)

\$ 39,230,530	\$ 32,469,455
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Commitments (note 14)

Subsequent event (note 18)

On behalf of the Board



Director



Director

Waterfront Development Corporation Limited
Consolidated statement of change in net financial debt

Year ended March 31	Budget (unaudited)	2015	2014
Annual surplus	\$ <u>4,171,500</u>	\$ <u>6,761,075</u>	\$ <u>56,907</u>
Acquisition of tangible capital assets (note 17)	(5,045,000)	(7,198,222)	(740,928)
Amortization of tangible capital assets	926,300	875,259	857,767
Loss on disposal of capital asset	<u>130,000</u>	<u>-</u>	<u>247,500</u>
	<u>(3,988,700)</u>	<u>(6,322,963)</u>	<u>364,339</u>
Acquisition of prepaid expense	(143,585)	(151,290)	(152,054)
Use of prepaid expense	<u>143,585</u>	<u>148,433</u>	<u>160,057</u>
	<u>-</u>	<u>(2,857)</u>	<u>8,003</u>
Increase in net financial assets	<u>182,800</u>	<u>435,255</u>	<u>429,249</u>
Net financial debt, beginning of year	<u>(5,470,371)</u>	<u>(5,470,371)</u>	<u>(5,899,620)</u>
Net financial debt, end of year	\$ <u>(5,287,571)</u>	\$ <u>(5,035,116)</u>	\$ <u>(5,470,371)</u>

Waterfront Development Corporation Limited

Consolidated statement of cash flows

Year ended March 31

2015

2014

Increase (decrease) in cash and cash equivalents

Operating		
Annual surplus	\$ 6,761,075	\$ 56,907
Amortization	875,259	857,767
Loss on disposal of capital asset	-	247,500
	<u>7,636,334</u>	<u>1,162,174</u>
Repayment of loans payable	(480,000)	(795,000)
Change in non-cash operating working capital (note 11)	657,246	(756,616)
	<u>7,813,580</u>	<u>(389,442)</u>
Investing		
Purchase of property and equipment	(7,198,223)	(740,928)
Deferred revenue	(613,711)	1,069,148
	<u>(7,811,934)</u>	<u>328,220</u>
Net increase in cash and cash equivalents	1,646	(61,222)
Cash and cash equivalents		
Beginning of year	<u>135,692</u>	<u>196,914</u>
End of year	\$ <u>137,338</u>	\$ <u>135,692</u>

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

1. Nature of operations

The Corporation was declared a Provincial Crown Corporation by order of His Honour the Lieutenant Governor on March 30, 1976.

The Corporation's mission is to service as champion of a dynamic vision and to plan, coordinate, promote and develop properties, events and activities on designated waterfronts around Halifax Harbour and other locations as determined by the shareholder as detailed in the order in Council No. 2005-373 dated August 19, 2005.

On September 20, 2005, the Corporation purchased significant holdings in the Town of Lunenburg, as well as a numbered company, 3104102 N.S. Limited, which held additional properties in the Town. This was done in cooperation with the Province to protect the working waterfront in Lunenburg.

2. Summary of significant accounting policies

The following consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. Significant accounting policies are as follows:

Basis of accounting

These financial statements are prepared on a consolidated basis in accordance with Canadian public sector accounting standards. As such, the financial position and results of operations of the 100% owned subsidiary, 3104102 N.S. Limited, are consolidated into these financial statements.

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by Waterfront Development Corporation Limited. See note 12 for a description of the controlled organization.

Revenue recognition

Rent, recovery and other revenues are recorded on an accrual basis as earned, and collectability is reasonably assured.

The Corporation receives amounts for which it will use to fund future development projects. As a result, these amounts have been recorded as deferred revenue, and will be recognized as expenses are incurred on the future development projects.

Government assistance is recognized as revenue when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. The assistance is accounted for as a deferred capital grant when amounts have been received but not all eligibility criteria have been met.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are performed or when stipulations are met.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Tangible capital assets including capital leases

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, renovation and development of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight line basis over their estimated useful lives as follows:

Buildings	10-50 years
Wharves and walkways	10-50 years
Equipment	3-10 years
Paving	10-50 years
Playground	20 years
Capital lease	45 years
Monuments	5-20 years

On an annual basis, the Corporation reviews the carrying amounts of properties held and used in the fulfilling of its mandate. This includes both revenue producing properties, as well as properties held for the greater public use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write downs are accounted for as expenses in the consolidated statement of operations.

There are ongoing negotiations for potential development projects on the Bedford, Dartmouth, Halifax, and Lunenburg waterfronts. The outcome of these negotiations and the possible financial impact on fair value of the existing land and buildings is indeterminable at this time.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, rates for amortization, allowance for doubtful accounts, and liability for contaminated sites.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Liability for contaminated sites (continued)

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. Waterfront Development Corporation Limited:
 - is directly responsible; or
 - accepts responsibility; and
- iv. a reasonable estimate of the amount can be made;
- v. it is expected that future economic benefits will be given up.

The Corporation has ownership of a significant amount of waterfront lands surrounding the Halifax and Lunenburg harbours in Nova Scotia. These lands are predominantly former industrial sites and can reasonably be anticipated to contain some level of soil contamination. The likelihood and cost of remediation cannot be reasonably estimated due to the following factors:

- i. land holdings subject to potential remediation are limited to future development sites;
- ii. there is no certainty around which sites will ultimately be developed;
- iii. any potential remediation costs associated with sites having been identified for potential development would be materially impacted by the type of development and the terms of the development agreement to be negotiated. This would include the development footprint and depth, as well as the public space component and terms of the development agreement.

Given the above, no liability for contaminated sites has been recognized in these financial statements.

Prepays

Prepays include prepaid insurance and are charged to expense over the periods expected to benefit from it.

Income taxes

As a Provincial Crown Corporation, the Corporation is exempt from income taxes under the provisions of the Income Tax Act.

Cash and cash equivalents and bank indebtedness

Cash and cash equivalents are comprised of cash on hand, cash held in banks and bank overdrafts.

Financial instruments

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

2. Summary of significant accounting policies (continued)

Subsequent measurement

At each reporting date, the Corporation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments, which must be measured at fair value. The Corporation uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the consolidated statement of revenues and expenses. The financial instruments measured at amortized cost are cash and cash equivalents, receivables, payables and accruals and loan payable.

For financial assets measured at cost or amortized cost, the Corporation regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Corporation determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest or credit risks arising from financial instruments.

3. Receivables	2015	2014
Receivables	\$ 340,666	\$ 336,766
Less: provision for doubtful accounts	<u>(19,545)</u>	<u>(11,760)</u>
	<u>\$ 321,121</u>	<u>\$ 325,006</u>

4. Receivable from Province of Nova Scotia

Amount relates to insurance proceeds due from the Province of Nova Scotia for the loss incurred on the Lunenburg asset in 2014 as a result of a fire.

5. Payables and accruals	2015	2014
Payables and accruals	\$ 1,244,309	\$ 855,470
Salaries and benefits payable	58,507	57,178
Marketing (recovery) payable	13,386	(546)
Other	<u>122,139</u>	<u>64,228</u>
	<u>\$ 1,438,341</u>	<u>\$ 976,330</u>

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

6. Loan payable

Cash flow resulting from the Bedford waterfront project has been used to temporarily repay the revolving operating line loan at prime rate less 1%. If segregated funding was required or costs incurred to finance related developments and activities, the total debt would be increased from \$405,000 to \$3,333,690 through additional borrowings and other available funding as illustrated below:

	<u>2015</u>	<u>2014</u>
Demand loan	\$ 405,000	\$ 885,000
Bedford waterfront project (note 7)	<u>2,928,690</u>	<u>3,351,136</u>
	<u>\$ 3,333,690</u>	<u>\$ 4,236,136</u>

The operating line loan is available up to \$6 million, and expires on June 15, 2017.

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement as at March 31, 2015:

	<u>Balance at beginning of year</u>	<u>Receipts during year</u>	<u>Related expense incurred</u>	<u>Balance at end of year</u>
Deposits for project developments and programs	\$ 253,673	\$ 2,941	\$ -	\$ 256,614
Bedford waterfront project	3,351,136	-	(422,446)	2,928,690
Development of Halifax waterfront	464,930	-	-	464,930
Proceeds from insurance	<u>995,000</u>	<u>-</u>	<u>(194,206)</u>	<u>800,794</u>
	<u>\$ 5,064,739</u>	<u>\$ 2,941</u>	<u>\$ (616,652)</u>	<u>\$ 4,451,028</u>

Deposits for project developments and programs

The Corporation received a deposit from Southwest Properties Limited for future development of the Cunard Block property.

Bedford waterfront project

The Corporation has previously received amounts from third parties for dumping fill in Bedford. The intent is to develop the Bedford waterfront property and utilize this long term deferred revenue in that development over future periods.

Development of Halifax Waterfront

The Corporation received amounts from a third party as part of a development agreement for the Halifax waterfront; the intent is to use these funds in the development of the waterfront in future periods.

Due from Province of Nova Scotia for Insurance Proceeds

The Corporation has recorded a long-term receivable and deferred revenue for insurance proceeds related to the loss incurred on the Lunenburg asset in 2014. Revenues will be recognized as the related expenses are incurred to construct a new asset.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

8. Tangible capital assets

March 31, 2015

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monument	Lunenburg (note 12)	Playground	2015 Total
Cost											
Opening balance	\$ 20,812,388	\$ 9,798,849	\$ 9,126,932	\$ -	\$ 2,162,472	\$ 483,390	\$ 1,704,472	\$ 417,228	\$ 4,644,255	\$ 242,298	\$ 49,392,284
Additions	4,585,005	948,824	22,494	1,238,201	369,851	-	-	33,848	-	-	7,198,223
Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance	25,397,393	10,747,673	9,149,426	1,238,201	2,532,323	483,390	1,704,472	451,076	4,644,255	242,298	56,590,507
Accumulated Amortization											
Opening balance	-	5,797,685	2,109,524	-	1,443,465	206,583	1,384,210	190,614	352,144	23,566	11,507,791
Amortization	-	226,085	226,155	-	256,372	8,524	35,528	53,114	57,365	12,115	875,258
Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	6,023,770	2,335,679	-	1,699,837	215,107	1,419,738	243,728	409,509	35,681	12,383,049
Net book value	\$ 25,397,393	\$ 4,723,903	\$ 6,813,747	\$ 1,238,201	\$ 832,486	\$ 268,283	\$ 284,734	\$ 207,348	\$ 4,234,746	\$ 206,617	\$ 44,207,458

March 31, 2014

	Land	Buildings	Wharves and walkways	Waterlots	Equipment	Paving	Capital lease	Monument	Lunenburg (note 12)	Playground	2014 Total
Cost											
Opening balance	\$ 20,810,777	\$ 9,798,849	\$ 8,853,793	\$ -	\$ 2,003,283	\$ 448,134	\$ 1,704,472	\$ 294,645	\$ 4,803,320	\$ 234,083	\$ 48,951,356
Additions	1,611	-	273,139	-	159,189	35,256	-	122,583	140,935	8,215	740,928
Disposals	-	-	-	-	-	-	-	-	(300,000)	-	(300,000)
Closing balance	20,812,388	9,798,849	9,126,932	-	2,162,472	483,390	1,704,472	417,228	4,644,255	242,298	49,392,284
Accumulated Amortization											
Opening balance	-	5,571,713	1,907,832	-	1,177,578	198,132	1,348,681	139,380	348,215	10,993	10,702,524
Amortization	-	225,972	201,692	-	265,887	8,451	35,529	51,234	56,429	12,573	857,767
Disposals	-	-	-	-	-	-	-	-	(52,500)	-	(52,500)
Closing balance	-	5,797,685	2,109,524	-	1,443,465	206,583	1,384,210	190,614	352,144	23,566	11,507,791
Net book value	\$ 20,812,388	\$ 4,001,164	\$ 7,017,408	\$ -	\$ 719,007	\$ 276,807	\$ 320,262	\$ 226,614	\$ 4,292,111	\$ 218,732	\$ 37,884,494

The capital lease is a prepaid long term lease from the Federal Department of Public Works for a term of 45 years from 1977, with three ten-year renewal options.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

9. Accumulated surplus

The accumulated surplus is made up as follows:

	<u>2015</u>	<u>2014</u>
Accumulated surplus	\$ 25,482,701	\$ 18,721,626
Contributed surplus	13,747,826	13,747,826
Share capital	<u>3</u>	<u>3</u>
	\$ <u>39,230,530</u>	\$ <u>32,469,455</u>
	<u>2015</u>	<u>2014</u>

Authorized:

5,000 shares without nominal or par value

Issued:

3 shares \$ 3 \$ 3

The shares are held in trust by one representative of the Province for the Queen in Right of the Province of Nova Scotia.

10. Employee pension plan

The Corporation is a participant in a Multi-Employer Pension Plan, the Nova Scotia Public Service Superannuation Plan. During the year, the Corporation made contributions to the plan in the amount of \$105,965. The most recent actuarial valuation was conducted on December 31, 2013, at this time there was an unfunded liability. The next actuarial valuation of the plan is required on or before December 31, 2015.

11. Supplemental cash flow information	<u>2015</u>	<u>2014</u>
Change in non-cash operating working capital		
Receivables	\$ 198,091	\$ (475,169)
Prepays	(2,856)	8,003
Payables and accruals	<u>462,011</u>	<u>(289,450)</u>
	\$ <u>657,246</u>	\$ <u>(756,616)</u>

12. Lunenburg investment

In fiscal 2006, the Corporation acquired real estate properties in the Town of Lunenburg by way of a 100% share purchase of 3104102 N.S. Limited and direct asset purchases.

The Province provides an annual operating grant to cover any shortfall between revenues and expenditures and tangible capital asset construction or purchases.

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

12. Lunenburg investment (continued)

The Lunenburg assets consist of land, buildings and wharves. These assets have been shown as a separate line item within the Tangible Capital Assets schedule in note 8 to the financial statements. This is to recognize these assets as a unique group whose title with the Corporation may not necessarily be long term in nature, depending on decisions of the Province.

13. Related party transactions

During the year, the Corporation transacted business with various Departments and Crown Corporations of the Province of Nova Scotia. These transactions included rent charged to these entities for use of the Corporation's assets. Other revenues received from related parties include operating grants. Various expenditures were incurred by the Corporation for transactions with these same related parties for payroll benefits, consulting and legal services.

14. Commitments

- (i) The Corporation entered into an agreement with an existing combined residential and commercial building on the Halifax waterfront to allow partial early conversion of the complex into condominium units. The Corporation received total compensation of \$500,000. The Corporation has committed to use the compensation on the construction of amenities on the Halifax waterfront. In the current fiscal year, the Corporation has recognized \$Nil (2014 - \$170,820) as deferred revenue. The Corporation has cumulatively recognized \$500,000 as deferred revenue and expended \$35,070 on amenities for a net deferred balance of \$464,930 (refer to note 7).
- (ii) During the 2013 fiscal year, the Corporation issued a request for proposals for the development of the property known as Cunard Block. Southwest Properties Limited was selected as the preferred proponent based on the proposals received. The Corporation will be responsible for the design and construction of the public space component of the development. Southwest Properties will be contributing a portion of the cost and a \$3 million dollar grant was approved by the Province in fiscal 2014.
- (iii) A building owned by the Corporation in the Town of Lunenburg was destroyed by a fire in September 2013. The building was a total loss and demolition took place in fiscal 2015. The Corporation has recognized a receivable for insurance proceeds from the Province of Nova Scotia in the amount of \$800,794 in these financial statements after expenditure of \$194,206 to demolish and remediate the property. The receipt of proceeds will be contingent on a replacement property being constructed and, as such, a liability has been booked for the same amount to recognize the commitment to rebuild. The timing, cost, and likelihood of spending approval by the Province of the replacement property is not known at present.
- (iv) The Corporation resolved a dispute with Halifax Water relating to a problem that had arisen with sewer pipes running under a recent extension of Waterfront Drive in Bedford, Nova Scotia. A settlement of \$125,000 is owed and has been accrued by the Corporation to Halifax Water and has been agreed to by both parties. The costs related to this settlement have been drawn from the deferred revenue balance of the Bedford waterfront project with the corresponding revenue recognized in other income (see note 7).

Waterfront Development Corporation Limited

Notes to the consolidated financial statements

March 31, 2015

15. Employee compensation

As required under the Public Sector Compensation Disclosure Act for the Province of Nova Scotia, the following are total gross compensation in excess of \$100,000 for individual employees of the Corporation:

Colin MacLean, President and CEO	\$ 164,288
Jennifer Angel, VP Operations and Marketing	\$ 136,460
Andy Fillmore, VP Planning and Development	\$ 133,057

16. Capital management

The Corporation's objectives when managing capital are:

- a) To maintain financial strength through sound stewardship of core assets and long-term development and financial planning such that it is able to continue designing and developing great waterfronts; and
- b) To ensure a return on and use of public assets that strikes a balance between allowing the Corporation to be self-sufficient while providing for public enjoyment of their waterfronts.

The above objectives are considered in annual budgets and property development planning.

17. Provincial grant revenue and other income

The uncertain timing of the commencement of planned developments, as well as opportunistic purchases that may not have been contemplated at the beginning of the fiscal period, costs for the acquisition of tangible assets and possible grant funding thereon, can sometimes vary significantly from budget. The primary factors impacting the variance from budget for fiscal 2015 were: a delay in the spending for the Queen's Marque development on the Halifax waterfront (\$4,250,000 budget) and the unbudgeted purchase of the former Dartmouth Coast Guard base (\$6,500,000).

Included in Other income and Bedford development expense, are gross revenues and expenses that were funded by the accumulated deferred revenue from the Bedford waterfront project, as per Note 7 to the financial statements. The portion of Other income pertaining to the Bedford operations is \$422,446 (\$237,442 for land purchase and \$185,004 for Bedford development expense).

18. Subsequent event

Subsequent to March 31, 2015, the Province of Nova Scotia announced, as part of its fiscal 2015/2016 budget address that the Corporation will be amalgamating with Nova Scotia Lands Inc. The details of this amalgamation, including the legal name and the impact on the mandate and operations of the new entity going forward are unclear as of the balance sheet date.

19. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Waterfront Development Corporation Limited

Schedule 1 – Property expenses

Year ended March 31	Budget (unaudited)	2015	2014
Expense			
Amortization	\$ 873,800	\$ 817,894	\$ 801,336
Bedford Development (note 17)	-	185,004	99,798
Equipment and supplies	101,000	191,201	86,367
Insurance	110,000	101,715	96,212
Landscaping and waste removal	231,100	254,421	208,049
Miscellaneous	24,000	24,713	24,020
Property taxes	26,400	20,816	26,566
Repairs and maintenance	291,800	237,848	280,939
Security	166,500	174,555	157,548
Utilities	183,400	190,172	168,476
Total expenditures	\$ 2,008,000	\$ 2,198,339	\$ 1,949,311

Waterfront Development Corporation Limited

Schedule 2 - Corporate expenses

Year ended March 31	Budget (unaudited)	2015	2014
Expense			
Directors' fees and expenses	\$ 45,000	\$ 26,110	\$ 45,393
Doubtful accounts	6,000	9,451	5,450
Loan interest	30,000	9,835	21,251
Office operations	241,400	258,630	247,165
Professional fees			
Programs	165,000	197,030	130,754
Audit	25,000	22,851	19,582
Consulting	30,000	27,314	(568)
Legal fees	20,000	2,116	5,958
Salaries, contracts and benefits	1,529,000	1,572,445	1,347,829
Waterfront promotions and public relations	174,000	276,286	291,944
Total expenditures	\$ 2,265,400	\$ 2,402,068	\$ 2,114,758

Waterfront Development Corporation Limited
Schedule 3 – Revenue and expense for the
Lunenburg real estate and development projects

Year ended March 31

Budget
(unaudited)

2015

2014

Revenue			
Rents	\$ 197,000	\$ 400,122	\$ 249,073
Operating grant	<u>374,200</u>	<u>341,000</u>	<u>357,659</u>
	<u>571,200</u>	<u>741,122</u>	<u>606,732</u>
Expense			
Administration	17,500	21,045	15,188
Amortization	52,500	57,365	56,431
Operating	473,700	631,463	386,524
Professional fees	<u>80,000</u>	<u>88,614</u>	<u>59,415</u>
	<u>623,700</u>	<u>798,487</u>	<u>517,558</u>
Excess of (expenditures over revenue)			
revenue over expenditures	\$ <u>(52,500)</u>	\$ <u>(57,365)</u>	\$ <u>89,174</u>